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The Director of Central Intelligence

Washington, D. C. 20505

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Frank -

In the course of
reading this ICA report
I came up with the
attached news - I
do not, however, want to
get into this any more
or give it more time.
Don't expect any feed
back reports -

Sen

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4 January 1980

MEMORANDUM FOR: Deputy Director of Central Intelligence
FROM: Director of Central Intelligence
SUBJECT: IG Report on Industrial Contracting and Security

1. With respect to your 19 December memo on the Inspector General's report on industrial contracting and security, please go ahead with the recommendations except:

a. I do not believe that we should dispense with all surprise security audits. We can reduce the number of those to reduce the resentment they generate. We would have been well served to have done a surprise security audit on TRW during the Boyce-Lee days when there were drinking parties inside the vault, etc. Hopefully that is a rare case. In short, let's go to your 24-hour notice in the majority of cases but sprinkle it occasionally with a surprise audit.

b. On recommendation A.3. concerning access to codeword clearances, we should wrap that into the APEX system.

2. In addition, I would like to see action in a couple of areas for which there are no recommendations in the report.

a. I'm most disturbed at the idea that you and I are receiving phony reports on the amount of competitive contracting. I'd like to require that DDA go back and scrub this thoroughly in order:

(1) To produce some genuine data for us on the trends in noncompetitive contracting.

(2) To produce some internal regulations to insure that the data that is accumulated is genuine.

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b. I'm also concerned with the apparent evasion of guidance with respect to hiring of consultants and request that DDA be asked to develop something to clear this up.

c. I'm also concerned at the problems cited of timely payment to contractors and believe we should develop some actions to improve our performance here.

3. Additionally, I would like to reaffirm two policies that I have constantly stressed. The first is for more competitive procurement; the second is for increasing the weight given to security performance when awarding contracts. I don't know whether the latter is DDA or DDS&T's responsibility, but please ensure that something is done in this area.

4. Finally, I wonder if we shouldn't strengthen the perception of the contracting officer's authority versus the contracting officer technical representative (COTR). The statement is made in this report that COTRs "commit the government legitimately" (page 206). It would seem to me that only the contracting officer can make such a legitimate commitment. The COTR makes an informal and improper one, and perhaps we should repudiate some of them from time to time in order to emphasize the authority of the contracting officer.

5. All portions of this memorandum are Confidential.

 *for*
STANSFIELD TURNER

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